

EXHIBIT 1

1 JAMES CRAIG
2 IN THE UNITED STATES BANKRUPTCY COURT
3 FOR THE EASTERN DISTRICT OF MICHIGAN
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5
6 In re) Chapter 9
7 CITY OF DETROIT, MICHIGAN,) Case No. 13-53846
8 Debtor.) Hon. Steven W. Rhodes

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13 The Videotaped Deposition of JAMES CRAIG,
14 Taken at 1114 Washington Boulevard, HR Room,
15 Detroit, Michigan,
16 Commencing, at 9:07 a.m.,
17 Thursday, July 24, 2014,
18 Before Kathryn L. Janes, CSR-3442, RMR, RPR.

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950 Third Avenue, New York, NY 10022**

1 JAMES CRAIG

2 Q. Sure. And how would you assess the morale of the
3 people that were working under you?

4 A. There are a couple of ways to do that. Certainly
5 whether or not they're productive, I mean, out
6 performing the job, the department's mission.
7 Certainly, you know, looking at sick time usage,
8 is there a pattern, that's usually one of the
9 things. And again, you're talking about the level
10 of a first line supervisor. As you move up into
11 the more advanced ranks, there's more of a global
12 view of that as opposed to what a first line
13 supervisor would be doing.

14 Q. And when you say you looked at how productive
15 they were, were there specific metrics that you
16 would look at?

17 A. Yeah, but, you know, the metrics were different
18 then than certainly they are today. I mean, as
19 Chief of Police, I don't put a focus on pure
20 numbers, I mean police departments historically
21 when you talk about in the '80s, '90s, it was a
22 push to, you know, how many tickets have you
23 written, not that you put a specific number, but
24 policing then would really look at tickets,
25 arrest, calls handled.

1 JAMES CRAIG

2 police chief, certainly each department had morale
3 issues. Portland, Cincinnati and then Detroit,
4 and so I developed a -- I wouldn't call it a
5 technique, but a way of going into a department
6 and having direct conversations with line workers.
7 I put a great deal of emphasis on the line work
8 because the folks that are doing the line work are
9 the ones that are going to make a difference in
10 policing our communities.

11 And so, in having those conversations, I can
12 determine whether or not morale was high or low or
13 it would be just based on my research coming into
14 an organization knowing that, you know, like using
15 Detroit as an example, clearly it was no secret
16 that coming into Detroit, the morale was extremely
17 low. There was very little work being done, no
18 one was being held accountable, police officers
19 had 10 percent of their pay taken. They were
20 forced to work 12-hour shifts, and so it was very
21 easy to see why that morale was, in fact, down.

22 Q. Okay.

23 A. Just using that as an example, Cincinnati similar,
24 morale was down, there was certainly a leadership
25 void and police officers had no voice in the

1 JAMES CRAIG

2 And while those things are -- can show and reveal
3 what an employee is doing during the course of an
4 eight or 12-hour work shift, that's not the
5 absolute way to determine whether or not a person
6 is effectively doing their job. There are other
7 factors such, you know, as how you treat the
8 community, the interaction with the community.
9 Certainly when you look at a person that's had say
10 a series of sustained personnel complaints, coming
11 to work late, their appearance and uniform
12 somewhat shabby, those things are usually
13 indicators that something's wrong and certainly
14 can be attributed to that individual's morale.

15 Q. Sure. So in order to assess morale, it's not
16 just looking purely at the numbers, you also have
17 to talk to individuals and assess, I guess, their
18 appearance and how they're performing in their
19 day-to-day duties?

20 A. Right, and again, how I would assess morale as a
21 supervisor in comparison to a manager and then
22 later as a police chief is very different.

23 Q. How was it different?

24 A. Well, because, you know, like using -- well, in
25 all three positions I've held now, the third as a

1 JAMES CRAIG

2 organization's business, so morale was down there.
3 And then Portland, morale was down because the
4 department functioned in the way it functioned for
5 many years and they were ready for change.

6 Q. Okay. I just want to follow up on two things
7 there that you said. So the best way to assess
8 morale, at least in your view, is to have direct
9 conversations with the line workers?

10 A. That's one way.

11 Q. One way.

12 A. Not only, but yeah, that's my personal style.

13 Q. Okay.

14 A. I like to go directly and talk with line employees
15 to determine --

16 Q. Right.

17 A. -- the state of the state.

18 Q. And then when you came into Detroit, you said
19 that the morale was very low?

20 A. Yes.

21 Q. Okay. And you gave a couple reasons, I just want
22 to make sure I have all those reasons, number one
23 was the pay cut?

24 A. Pay cut was one that came up, but not the sole
25 issue.

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1 JAMES CRAIG
 2 MR. HERTZBERG: You're right. My
 3 mistake, I am the one. I screwed it up, we are on
 4 number 9, my mistake.
 5 MS. KOVSKY-APAP: What is number 9?
 6 MR. HERTZBERG: What is?
 7 MS. KOVSKY-APAP: Where is it?
 8 MR. HERTZBERG: Right there, the City
 9 plan, the Fourth Amended Plan.
 10 MARKED FOR IDENTIFICATION:
 11 DEPOSITION EXHIBIT 9
 12 BY MR. ARNAULT:
 13 Q. I'm showing you what has been marked as Craig
 14 Exhibit 9, now that we've gotten to the bottom of
 15 that, have you seen this document before?
 16 A. I have not.
 17 Q. So I take it, you didn't assist in its preparation?
 18 A. I did not.
 19 Q. Are you aware as part of the City's Plan of
 20 Adjustment, it contemplates investing
 21 approximately \$1.4 billion into the city?
 22 A. I've probably read somewhere in the news articles.
 23 Q. If you'll turn to page 162 of this document, and
 24 you'll see at the top here, that the City details
 25 the -- how it intends to distribute the \$1.4

1 JAMES CRAIG
 2 A. I have not.
 3 Q. Then if you flip over to little 162, the
 4 Disclosure Statement specifically discusses how
 5 much money it plans to invest in DPD?
 6 A. Yes.
 7 Q. And then right about the middle of the page, the
 8 Disclosure Statement says: To combat these
 9 problems, the City has proposed to make targeted
 10 investments in the DPD totaling \$274.2 million;
 11 do you see that?
 12 A. I do.
 13 Q. And have you seen that \$274.2 million number
 14 before?
 15 A. I have.
 16 Q. And is it your understanding that that
 17 \$274.2 million number is the amount of money that
 18 it will take to achieve all the goals and
 19 implement all the changes in your Plan of Action?
 20 A. I believe so.
 21 Q. In other words, this -- the spending in the
 22 Fourth Amended Disclosure Statement maps on to
 23 the Plan of Adjustment that we looked at or the
 24 Plan of Action that we looked at earlier?
 25 MR. HERTZBERG: Objection to form.

1 JAMES CRAIG
 2 billion in reinvestment initiatives; do you see that?
 3 A. On page 162?
 4 Q. Yeah -- or page 161, sorry.
 5 MR. HERTZBERG: Oh, look here. Don't
 6 look at the small ones.
 7 MR. ARNAULT: Sorry.
 8 MR. HERTZBERG: It's the little one,
 9 ignore the bottom.
 10 THE WITNESS: Oh, look at the --
 11 MR. HERTZBERG: Yeah, the small one is
 12 page 161.
 13 THE WITNESS: The small one, okay, I'm
 14 sorry.
 15 MR. HERTZBERG: Yeah, page 161, the
 16 small one, ignore the other stuff on the bottom.
 17 THE WITNESS: Okay, 161.
 18 MR. HERTZBERG: Perfect, you're there.
 19 BY MR. ARNAULT:
 20 Q. There you go, at the top. And here the City
 21 lists out how it intends to distribute the
 22 \$1.4 billion in the reinvestment initiatives; is
 23 that right?
 24 A. I see it.
 25 Q. Have you seen these numbers before?

1 JAMES CRAIG
 2 A. I can't say that it mirrors this or it fits nicely
 3 into that, no, I can't say that the 274.2 million
 4 addresses everything in the Plan of Action.
 5 BY MR. ARNAULT:
 6 Q. Okay. Is the 274.2 million what the City needs
 7 to spend on DPD in order to develop it into a
 8 premier law enforcement agency?
 9 A. I would offer that as we continue to move forward,
 10 this is an opinion, based on retaining qualified
 11 police officers, what's not factored in certainly
 12 in the 274 is salaries of police officers over
 13 that ten year -- I mean, it's factored in, but not
 14 to the degree it would bring the salaries of the
 15 police officers up to where they should be in
 16 comparison to other agencies. So that, of course,
 17 we pump that number higher, so when you ask that
 18 question, that's how I would view 274.2 million as
 19 a little short of reaching what I believe the
 20 ultimate goal of raising the salaries commensurate
 21 with other police officers in other
 22 municipalities.
 23 Q. Right. So the -- the part missing from this
 24 274.2 is whatever bump you need to provide --
 25 A. Right.

I JAMES CRAIG

2 Q. -- to the employees to provide them with
3 commensurate salaries?
4 A. Right.
5 Q. Do you know how much of a bump that would be?
6 A. I think that would require a little more research.
7 I'm not saying they certainly shouldn't make, even
8 though I've testified that police officers in
9 Detroit are working the most challenging
10 environment, recognizing that the cost of living
11 in Detroit is very different than say that of
12 California, wouldn't expect that a Detroit police
13 officer would make that. But when you just look
14 at the region, I said I think off camera or on
15 camera just comparing what a Chicago police
16 officer is paid, a new Chicago police officer
17 comes in at a rate much higher than that of a
18 Detroit police officer. In fact, as it was
19 pointed out, a Chicago police officer's beginning
20 step is pretty much what a top step Detroit police
21 officer makes, a tenured, so that's -- where would
22 a Detroit police officer fall in that equation.
23 Q. All right. And if you wanted to award people for
24 working in a challenging employment environment
25 like Detroit, pay is the number one thing; is

JAMES CRAIG

2 Q. But we hadn't talked about the \$101.3 million
3 number had we?
4 A. I will say in advance if you're going to ask me if
5 I think that's sufficient funding to maintain, I
6 can't respond to that because I didn't do the
7 research on --
8 Q. Okay, so --
9 A. -- what it would take to maintain the fleet
10 replacement and factoring in repairs.
11 Q. Right. So when we're looking at cost
12 information, that's not something that you looked
13 into?
14 A. No.
15 Q. Okay.
16 A. I didn't do the research on that.
17 Q. Right. So if I was to ask you where this \$101.3
18 million number came from?
19 A. I could not testify to that.
20 Q. Okay. And that may streamline a lot of my
21 questions because I was going to go through and
22 ask about the 75.2, the 38.2, all the numbers
23 that are listed here?
24 A. Understand.
25 Q. And would --

1 JAMES CRAIG

2 that right?

3 A. Pay and it helps recruitment. It certainly helps

4 with retention.

5 Q. Are there any other things that you would want to

6 do to help with recruitment or attrition or

7 retention?

8 A. Well, I've already testified that I think the work

9 environment, equipment, those things are always

10 necessary in -- in terms of attracting and hiring

11 the best.

12 Q. Essentially the benefits that affect the

13 employees directly

14 A. Exactly.
15 MR. MORRIS: Objection, form.
16 BY MR. ARNAULT:
17 Q. Now, if we go down just a little bit on this
18 page, it breaks out the specific spending that I
19 assume makes up the 274.2: do you see that?

20 A. I see it.
21 Q. Okay. And the first one is 101.3 million to
22 initiate and maintain a fleet vehicle replacement
23 program, and that's something we had talked about
24 that earlier, right?
25 A. Yes. I -- we have

25 A. Yes, I -- we have.

1 JAMES CRAIG

2 A. That's not numbers I personally came up with or
3 that I was directly involved with in the -- that
4 was based on the consultants and staff working
5 together that came up with the best number to
6 accomplish the goal of a -- in the case of a fleet
7 replacement, so I can't testify that 101.3 looks
8 like it will work

9 Q. Right. So if I was to ask you if any of these
10 numbers worked, you just -- you wouldn't be able
11 to do that?

12 A. I would not be able to testify to that.

13 Q. And I imagine you have the same answer if we go
14 to page 163, where it breaks out the fiscal year
15 spending 2014, 2018; do you see that?

16 A. And that's based on the amounts that were -- that
17 came from what we just last talked about, and so
18 this gives it condensed, so I can't likewise. I
19 don't have the insights into what it would cost
20 over a ten-year period to maintain.

21 Q. Fair enough. And --

22 A. I can talk about why it's important to replace a
23 fleet every three years which I've already
24 testified to.

25 Q. But you can (sic) testify about exactly how much

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